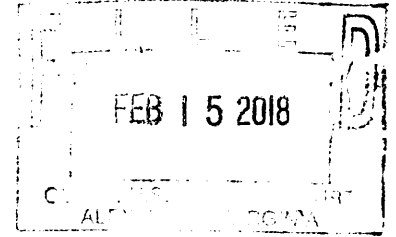


UNDER SEAL

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA

v.

Case No. 1:18-mj-85

ALTER STESEL,
a.k.a. HERMAN STESEL,
a.k.a. RANDY STERN,
a.k.a. HENRY SHTAISEEL,

Defendant

UNDER SEAL

**AFFIDAVIT IN SUPPORT OF
A CRIMINAL COMPLAINT AND ARREST WARRANT**

I, Robert Rudolph, being first duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I am employed as a special agent with the United States General Services Administration (GSA) – Office of Inspector General (OIG), assigned to the Washington, D.C. Regional Office. My duties and responsibilities as a GSA-OIG special agent are to investigate allegations of fraud, waste, and abuse in connection with GSA's programs and operations. I have been a GSA-OIG special agent since August 9, 2015, and have completed the Criminal Investigator's Training Program held at the Federal Law Enforcement Training Center, located in Glynco, Georgia. I received additional training when I later attended the Inspector General Criminal Investigator Academy. This training included specific training in the preparation, presentation, and service of criminal complaints, and I have been involved in the investigation of numerous types of offenses against the United States. I have also been trained in the preparation, presentation, and service of arrest and search warrants, and have executed both arrest warrants

and search warrants in previous cases. I am a Certified Fraud Examiner through the Association of Certified Fraud Examiners, a professional organization that requires testing on many topics. I hold a Bachelor's degree in accounting from Stonehill College and a Master's degree in Banking and Financial Services Management from Boston University.

2. The facts set forth in this affidavit are based on my personal knowledge, review of records, documents, and other evidence obtained during this investigation, as well as information conveyed to me by other law enforcement officials and private persons. All observations referenced in this affidavit that were not made by me were related to me by the person who made such observations. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part only and are not intended to be a verbatim recitation of such statements.

3. Because this affidavit is being submitted for the limited purpose of obtaining a criminal complaint and arrest warrant, it does not include each and every fact observed by me or known to the government. I have set forth only those facts necessary to support a finding of probable cause.

PROBABLE CAUSE

4. Based on my training and experience and the facts as set forth in this affidavit, there is probable cause to believe that violations of 18 U.S.C. §§ 1343 (wire fraud) and 287 (false, fictitious, and fraudulent claims) have been committed by ALTER STESEL ("STESEL").

Background on SAM

5. The System for Award Management ("SAM"), administered by GSA, is the primary database for the U.S. Federal Government to manage information on potential government business partners or federal financial assistance recipients. Contractors must register

electronically in SAM and provide a Data Universal Numbering System (“DUNS”) number if they want to be eligible for award of a federal government contract. The server hosting SAM is located in Sterling, Virginia, within the Eastern District of Virginia.

6. As part of the registration process, a registrant must state whether the entity or any of its principals are currently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any federal agency. A contractor that fits within any of these categories is ineligible for the award of any federal government contract.

7. To complete registration in SAM, a registrant must certify that “[b]y submitting this certification, I...am attesting to the accuracy of the representations and certifications contained herein...I understand that I may be subject to criminal prosecution under Section 1001, Title 18 of the United States Code or civil liability under the False Claims Act if I misrepresent [company name] in any of the above representations or certifications to the Government.”

A1 4 Electronics Inc.

8. SAM records indicate that a company called A1 4 Electronics Inc. (“A1 4”) was registered on September 17, 2008. The name listed on the certification for registration was “Herman Stesel.”

9. According to documents filed with and obtained from the State of New York, Osher Stesel was the chief executive officer and STESEL was the vice president of A1 4. Osher Stesel is the name of STESEL’s father.

10. I have reviewed federal government contracting records that indicate that A1 4 received federal government contracts between 2013 and at least 2016.

11. By letters dated June 7, 2016, the U.S. Department of Homeland Security (“DHS”) proposed A1 4 and “Herman Stesel” for debarment based on: (1) a willful failure to

perform in accordance with the terms of one or more contracts by providing counterfeit products; and (2) a history of failure to perform, or of unsatisfactory performance of, one or more contracts. These letters were sent via certified mail, but were never claimed.

12. On or about June 9, 2016, an email from astesel@yahoo.com was sent to DHS. Within the email, the author indicated that a block had been put on his account with SAM. The email signature indicated it was sent by "Herman" at A1 4.

13. The next day, on or about June 10, 2016, DHS responded to the sender and attached copies of the proposed debarment letters for A1 4 and Herman Stesel. The letters plainly stated that: "effective of the date of this letter...A1 4 and Herman Stesel have been placed in a proposed debarment status...A1 4 and Herman Stesel may not conduct business with the Federal Government as an agent or representative of other contractors."

14. After the letters were forwarded to astesel@yahoo.com, DHS engaged in additional correspondence with this same email address.

15. On July 6, 2016, an individual identifying himself as Herman Stesel participated telephonically in a hearing to contest his and A1 4's proposed debarments. He stated his father's name is Osher and his wife's name is Miriam.

16. On August 26, 2016, DHS sent letters to Herman Stesel and A1 4 informing them that Herman Stesel and A1 4 were debarred from government contracting, effective August 26, 2016 and continuing until June 6, 2019. These letters were sent via certified mail and were delivered on September 2, 2016, to an address in Brooklyn, New York, where STESEL resides.

A1 Tech Pal, Inc.

17. On or about January 13, 2017, the GSA-OIG initiated an investigation predicated on the belief that the true identify of Herman Stesel was STESEL, and that shortly after notification on June 9, 2016, of A1 4's and Herman Stesel's ineligibility for government contracts, STESEL formed a new company, A1 Tech Pal, Inc. ("A1 Tech"), and used A1 Tech and a new alter ego ("Randy Stern") to circumvent his ineligibility to obtain federal government contracts.

18. I collected and reviewed incorporation records obtained from the State of New York and learned that A1 Tech was incorporated on or about June 23, 2016. The incorporation record listed Chaye Stesel as the president of the company and listed an address in Brooklyn, New York.¹ Chaye Stesel, sometimes spelled Chaya Stesel, is the name of STESEL's mother.

19. On or about July 5, 2016, A1 Tech was registered in SAM. The name certifying the truthfulness of the information provided during registration was "Randy Stern." When registering A1 Tech, "Randy Stern" certified that he was not currently proposed for debarment.

20. Based on the following information below, I believe that STESEL used "Randy Stern" as an alias to register A1 Tech in SAM and to falsely certify that he was not currently proposed for debarment, despite knowing that he was in fact proposed for debarment and thus ineligible for any federal contract awards.

21. I compared the Internet Protocol ("IP") address associated with the registration for A1 Tech with the IP address associated with the registration for A1 4. The IP addresses were

¹ On or about March 24, 2017, I visited the address listed on the incorporation record and found a building with business suites located within; however, A1 Tech is not listed on the business directory at the building and the suite A1 Tech claims it is located at, is vacant according to the United States Postal Inspection Service.

the same, and according to a subpoena issued to the Internet service provider, the IP address is located in Brooklyn, New York.

22. As part of the SAM registration process, a registrant creates a Marketing Partner Identification Number ("MPIN"). I reviewed SAM records and learned that the MPIN—a self-created number—for A1 Tech and A1 4 were the same. I further examined the MPIN for A1 Tech and A1 4 and believe—based on my review of other records—that it was a combination of STESEL's initials and part of his telephone number.

23. I reviewed SAM records and learned that A1 Tech and A1 4 held accounts at the same financial institution ("Apple Bank for Savings"). I obtained the account opening documents for the A1 Tech account listed in SAM from Apple Bank for Savings. My review of the records produced revealed that the account is associated with A1 4 and the authorized signatories for the account were STESEL and his wife Miriam.

24. I obtained records from AOL Inc. that indicated that astesel@yahoo.com, the same email address used by "Herman Stesel" to communicate with DHS regarding Herman Stesel's and A1 4's debarments, was the recovery email address listed for altechpal@aol.com. The registered name for astesel@yahoo.com was "Randy Stern."

25. I reviewed a federal contracting database and learned that between in or about August 2016 and in or about October 2017, there were approximately 37 contract actions for A1 Tech from approximately six federal government agencies. The total obligation value of these contracts was approximately \$246,722.49. None of these contracts would have been awarded to A1 Tech if STESEL had truthfully declared during the SAM registration process that he was proposed for debarment.

Pomegranate Office, Inc.

26. On or about June 7, 2017, a company called Pomegranate Office, Inc. ("Pomegranate") was registered in SAM. The name certifying the truthfulness of the information provided during registration was "Henry Shtaiseel." When registering Pomegranate, "Henry Shtaiseel" certified that he was not currently debarred from government contracting.

27. I collected and reviewed incorporation records obtained from the State of New York and learned that Pomegranate was incorporated on or about June 5, 2017. The incorporation record listed an address of 666 Flushing Avenue, Brooklyn, New York.² A separate law enforcement database shows that Chaya Stesel, STESEL's mother, is listed as the Vice President of Pomegranate.

28. I received information that documents were submitted on behalf of A1 4, A1 Tech, and Pomegranate, with an author listed as "Herman." I also learned that someone acting on behalf of A1 4, A1 Tech, and Pomegranate used the same IP address to access a database to obtain federal government contracts.

29. I reviewed a federal contracting database and learned that between in or about July 2017 and in or about September 2017, there were seven contract actions for Pomegranate from four federal government agencies. The total obligation value of these contracts was approximately \$60,385.00. These contracts would not have been awarded to Pomegranate if STESEL had truthfully declared during the SAM registration process that he was debarred from government contracting.

² On or about October 4, 2017, I visited the address listed on the incorporation record and found a building with business suites located within; however, Pomegranate is not listed on the access buzzers or mailboxes inside the door way.

Interview of STESEL

30. On or about October 4, 2017, GSA OIG and Department of State OIG agents interviewed STESEL. STESEL told agents he uses the names Herman and Alter; Alter is listed on his driver's license. STESEL confirmed that his wife's, father's and mother's names are Miriam, Osher, and Chaya, respectively. STESEL admitted that he participated in the meeting regarding his and A1 4's debarment, and that he had received the debarment letters. STESEL explained the government did not want to give him contracts. When asked if he is still submitting bids for contracts after his debarment, STESEL claimed that he only submits bids for New York City contracts now. When agents confronted STESEL with evidence related to A1 Tech and asked STESEL if he set up A1 Tech to receive contracts because he was struggling and needed the money, STESEL answered yes.

31. On or about October 4, 2017, GSA OIG agents interviewed Chaya Stesel. Chaya told the agents that her son's birth name is Alter Stesel, however, the Americanized version of Alter is either Herman and/or Henry. Chaya told agents that ALTER never discussed any debarment with her. Chaya has no role in A1 Tech. Chaya did not know who Randy Stern was. Chaya did not recognize the name Pomegranate and has no role in the company.

CONCLUSION

32. Based on the forgoing, I submit there is probable cause to believe that violations of 18 U.S.C. §§ 1343 and 287 have been committed by STESEL within the Eastern District of Virginia, including at least one overt act in the form of an interstate wire originating in New York and terminating in the Eastern District of Virginia, in furtherance of a scheme to defraud. I therefore request that the Court issue the proposed complaint and arrest warrant.

Respectfully submitted,



Robert Rudolph
Special Agent
U.S. General Services Administration
Office of Inspector General

Subscribed and sworn to before me on February 15 2018.


_____/s/_____
John F. Anderson

The Honorable John F. Anderson
UNITED STATES MAGISTRATE JUDGE